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IWS Group Holdings Limited
國際永勝集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8441)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of IWS Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company’s website at <http://www.iws.com.hk>.

FINANCIAL HIGHLIGHTS

Selected Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	210,358	95,466	397,882	195,443
Profit before taxation	54,767	8,065	70,330	15,110
Profit and total comprehensive income for the period	<u>45,075</u>	<u>6,590</u>	<u>56,881</u>	<u>11,671</u>

Adjusted Net Profit

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period	45,075	6,590	56,881	11,671
Adjustment for listing expenses	<u>4,339</u>	<u>403</u>	<u>10,345</u>	<u>5,229</u>
Adjusted net profit	<u>49,414</u>	<u>6,993</u>	<u>67,226</u>	<u>16,900</u>

Key Financial Ratios

	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Adjusted net profit margin (%)	16.9 ⁽¹⁾	8.6 ⁽²⁾
Interest coverage (times)	<u>61.3⁽¹⁾</u>	<u>62.8⁽²⁾</u>

Notes:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$10.3 million for the nine months ended 31 December 2019.
- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$5.2 million for the nine months ended 31 December 2018.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the nine months ended 31 December 2019

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	210,358	95,466	397,882	195,443
Other income		222	35	286	171
Other loss	5	–	(2)	(20)	(2)
Impairment losses on trade receivables		–	–	–	(15)
Employee benefit expenses		(141,807)	(83,883)	(300,171)	(166,558)
Selling and marketing expenses		(576)	(655)	(1,693)	(1,938)
Administrative expenses		(8,658)	(2,192)	(14,271)	(6,433)
Listing expenses		(4,339)	(403)	(10,345)	(5,229)
Finance costs		(433)	(301)	(1,338)	(329)
Profit before taxation		54,767	8,065	70,330	15,110
Income tax expense	6	(9,692)	(1,475)	(13,449)	(3,439)
Profit and total comprehensive income for the period, attributable to owners of the Company	7	<u>45,075</u>	<u>6,590</u>	<u>56,881</u>	<u>11,671</u>
Earnings per share Basic (<i>HK cents</i>)	9	<u>6.92</u>	<u>1.10</u>	<u>8.73</u>	<u>1.95</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i> <i>(Note)</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018 (audited)	3,030	–	–	38,047	41,077
Profit and total comprehensive income for the period	–	–	–	11,671	11,671
Dividend declared and paid (<i>Note 8</i>)	–	–	–	(8,000)	(8,000)
Effect of Reorganisation (<i>as defined in Note 2</i>)	<u>(3,030)</u>	<u>34,744</u>	<u>(31,714)</u>	<u>–</u>	<u>–</u>
At 31 December 2018 (unaudited)	<u>–</u>	<u>34,744</u>	<u>(31,714)</u>	<u>41,718</u>	<u>44,748</u>
At 1 April 2019 (audited)	–	34,744	(31,714)	47,798	50,828
Profit and total comprehensive income for the period	–	–	–	56,881	56,881
Issue of new shares	2,000	62,000	–	–	64,000
Transaction costs attributable to issue of new shares	–	(9,940)	–	–	(9,940)
Issue of shares by capitalisation of share premium account	<u>6,000</u>	<u>(6,000)</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2019 (unaudited)	<u>8,000</u>	<u>80,804</u>	<u>(31,714)</u>	<u>104,679</u>	<u>161,769</u>

Note: Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the combined share capital of International Wing Shing Security Management Limited (“IWS Security”), International Wing Shing Property Management Limited (“IWS PM”), IWS Cleaning Services Limited (“IWS Cleaning”) and IWS Carpark Management Limited (“IWS Carpark”) exchanged in connection with the group reorganisation.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

1. GENERAL INFORMATION

IWS Group Holdings Limited (“the Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018. Its immediate and ultimate holding company is IWS Group Holdings Limited (“IWS BVI”), a company incorporated in the British Virgin Islands (the “BVI”) with limited liability, shareholders of which are the respective wholly owned entities of Mr. Ma Kiu Sang (“Mr. KS Ma”), Mr. Ma Kiu Mo (“Mr. KM Ma”) and Mr. Ma Kiu Man, Vince (“Mr. Vince Ma”). Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma have been controlling the companies comprising the Group collectively. The Company’s shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited with effect from 22 October 2019.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of security services and facility management services in Hong Kong.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 3 which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the principle of merger accounting under Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA.

In preparation of the listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Listing”), the companies comprising the Group underwent a group reorganisation (the “Reorganisation”). Prior to the Reorganisation, IWS Security, IWS PM, IWS Cleaning and IWS Carpark (collectively as “HK Subsidiaries”) were owned and controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

The Reorganisation comprised the following steps:

- (i) On 18 May 2018, IWS Security Management Holdings Limited (“IWS Security BVI”), IWS Property Management Holdings Limited (“IWS PM BVI”), IWS Cleaning BVI Limited (“IWS Cleaning BVI”) and IWS Carpark Management Holdings Limited (“IWS Carpark BVI”) (collectively as the “BVI companies”) were incorporated in the BVI with limited liability. On incorporation, each of the BVI companies has an authorised share capital of HK\$50,000 divided into 50,000 shares with a par value of HK\$1 each, of which one share was allotted and issued, credited as fully paid to the Company on the same date at par value. Accordingly, each of the BVI companies became a wholly owned subsidiary of the Company.
- (ii) On 25 May 2018, IWS Security BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 3,000,000 shares each in IWS Security, aggregate of which represents the entire issued share capital of IWS Security, to IWS Security BVI in consideration of IWS Security BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

- (iii) On 25 May 2018, IWS PM BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 10,000 shares each in IWS PM, aggregate of which represents the entire issued share capital of IWS PM, to IWS PM BVI in consideration of IWS PM BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.
- (iv) On 25 May 2018, IWS Cleaning BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 10,000 shares each in IWS Cleaning, aggregate of which represents the entire issued share capital of IWS Cleaning, to IWS Cleaning BVI in consideration of IWS Cleaning BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.
- (v) On 25 May 2018, IWS Carpark BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 10,000 shares each in IWS Carpark, aggregate of which represents the entire issued share capital of IWS Carpark, to IWS Carpark BVI in consideration of IWS Carpark BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 25 May 2018. The Company and its subsidiaries have been under the common control of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma throughout the nine months ended 31 December 2018 or since their respective dates of incorporation, where this is a shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 31 December 2018 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the nine months ended 31 December 2018, or since their respective dates of incorporation, where this is a shorter period.

The unaudited condensed consolidated financial information are unaudited but has been reviewed by the Company's audit committee.

3. PRINCIPAL ACCOUNTING POLICY

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs as detailed below, the accounting policies applied and methods of computation used in the condensed consolidated financial statements for the nine months ended 31 December 2019 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2019 underlying the preparation of the financial information included in the prospectus dated 30 September 2019 in connection with the Listing.

Application of new and amendments to HKFRSs

In the period, the Group has applied, for the first time, the following new and amendments to HKFRSs and interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) -Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For the contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. The adjustments to fair value at initial recognition had no material impact on the condensed consolidated financial statements of the Group.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

As a lessee

The Group applied HKFRS 16 from 1 April 2019. The Group applied the modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised right-of-use assets equal to the related liability by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant jurisdictions at the date of initial application. The weighted average incremental borrowing rates applied in Hong Kong is 4.0%.

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	<u>2,272</u>
Lease liabilities discounted at relevant incremental borrowing rates and as at 1 April 2019	<u>2,217</u>
Analysed as	
Current portion	1,734
Non-current portion	<u>483</u>
	<u>2,217</u>

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u>2,217</u>
By class:	
Office premises	1,936
Carparks	<u>281</u>
	<u>2,217</u>

Other than described above, the application of HKFRS 16 in the current period has had no material impact on the Group's financial positions and the disclosures set out in these condensed consolidated financial statements.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. However, the adjustment on discounting effect at initial recognition is insignificant to be recognised at the date of initial application, 1 April 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	2,217	2,217
Current liabilities			
Lease liabilities	–	1,734	1,734
Non-current liabilities			
Lease liabilities	–	483	483

Note: For the purpose of reporting cash flows for the nine months ended 31 December 2019, movements have been computed based on opening condensed consolidated statement of financial position as at 1 April 2019 as disclosed above.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue:

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of services and rental				
Provision of:				
General manned guarding services	176,775	43,395	290,377	104,545
Event and crisis security services	85	98	585	261
Manpower support services	23,756	37,469	78,554	64,514
Property management services	6,533	10,787	19,930	17,505
Carpark management services	2,552	2,551	6,465	5,134
Cleaning services	596	442	1,540	1,310
Hotel management services	–	540	–	1,620
Rental of carparks	61	184	431	554
	<u>210,358</u>	<u>95,466</u>	<u>397,882</u>	<u>195,443</u>
Total				
Timing of revenue under HKFRS 15				
— Over time	210,297	95,282	397,451	194,889
Rental	61	184	431	554
	<u>210,358</u>	<u>95,466</u>	<u>397,882</u>	<u>195,443</u>
Total				

The Group's operating segments are determined based on information reported to the chief operating decision maker ("CODM") of the Group (the directors of the Company who are also directors of certain major operating subsidiaries during the reporting period), for the purposes of resource allocation and performance assessment based on the types of services provided. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to CODM. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Security services — provision of general manned guarding services, event and crisis security services, and manpower support services.
- (ii) Facility management services — provision of property management services, carpark management services, cleaning services, hotel management services and rental of carparks.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

Nine months ended 31 December 2019 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	369,516	28,366	–	397,882
Inter-segment sales	11,539	5,664	(17,203)	–
	<u>381,055</u>	<u>34,030</u>	<u>(17,203)</u>	<u>397,882</u>
Segment results	96,344	10,864		107,208
Other income				286
Other loss				(20)
Impairment losses on trade receivables				–
Other corporate expenses				(25,461)
Listing expenses				(10,345)
Finance costs				(1,338)
Profit before taxation	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u>70,330</u></u>

Nine months ended 31 December 2018 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	169,320	26,123	–	195,443
Inter-segment sales	9,358	4,963	(14,321)	–
	<u>178,678</u>	<u>31,086</u>	<u>(14,321)</u>	<u>195,443</u>
Segment results	25,041	10,424		35,465
Other income				171
Other loss				(2)
Impairment losses on trade receivables				(15)
Other corporate expenses				(14,951)
Listing expenses				(5,229)
Finance costs				(329)
Profit before taxation	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u>15,110</u></u>

Set out below are the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

Nine months ended 31 December 2019 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Provision of:				
General manned guarding services	290,377	–	–	290,377
Event and crisis security services	585	–	–	585
Manpower support services	78,554	–	–	78,554
Property management services	–	19,930	–	19,930
Carpark management services	–	6,465	–	6,465
Cleaning services	–	1,540	–	1,540
Sub-total	369,516	27,935	–	397,451
Rental of carparks	–	431	–	431
Consolidated revenue	369,516	28,366	–	397,882
Inter-segment revenue	11,539	5,664	(17,203)	–
Total	381,055	34,030	(17,203)	397,882

Nine months ended 31 December 2018 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Provision of:				
General manned guarding services	104,545	–	–	104,545
Event and crisis security services	261	–	–	261
Manpower support services	64,514	–	–	64,514
Property management services	–	17,505	–	17,505
Carpark management services	–	5,134	–	5,134
Cleaning services	–	1,310	–	1,310
Hotel management services	–	1,620	–	1,620
Sub-total	169,320	25,569	–	194,889
Rental of carparks	–	554	–	554
Consolidated revenue	169,320	26,123	–	195,443
Inter-segment revenue	9,358	4,963	(14,321)	–
Total	178,678	31,086	(14,321)	195,443

All facility management services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group bills a fixed amount for each hour of security services provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OTHER LOSS

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	—	2	20	2

6. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax:				
Current period				
— Hong Kong Profits Tax	9,692	1,475	13,449	3,439
Deferred tax:				
Current period	—	—	—	—
	<u>9,692</u>	<u>1,475</u>	<u>13,449</u>	<u>3,439</u>

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):				
Depreciation of property, plant and equipment	182	183	530	504
Depreciation of right-of-use assets	433	—	1,292	—
Bank interest income	(102)	(2)	(111)	(3)

8. DIVIDEND

During the nine months ended 31 December 2018, HK\$8,000,000 dividend has been declared and paid by the Company's subsidiaries to the then shareholders before the completion of Reorganisation.

The rate of dividend and number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of these condensed consolidated financial statements.

No dividend has been declared or paid by the Company since its incorporation.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the nine months ended 31 December 2019 has been determined on the assumption that the Company had been the holding company of the subsidiaries as effective on 1 April 2018.

The calculation of the basic earnings per share attributable to the owners of the Company for the reporting period is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	<u>45,075</u>	<u>6,590</u>	<u>56,881</u>	<u>11,671</u>
Number of shares				
	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>651,636,364</u>	<u>600,000,000</u>	<u>651,636,364</u>	<u>600,000,000</u>

Pursuant to the written resolutions of the shareholders passed on 20 September 2019, the directors of the Company are authorised to allot and issue a total of 599,999,999 shares credited as fully paid at par to the holders of shares on the register of members of the Company at the close of business on 20 September 2019 (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of HK\$5,999,99.99 standing to the credit of the share premium account of the Company as a result of the Listing on 22 October 2019, and the shares allotted and issued under this resolution rank pari passu in all respects with the existing issued shares.

Accordingly, the weighted average number of ordinary shares for the purpose of basic earnings per share for the nine months ended 31 December 2019 and 2018 had been adjusted retrospectively assuming that the Reorganisation and the issue of shares upon capitalisation of the share premium account have been effective from 1 April 2018 and accordingly, the 600,000,000 ordinary shares of the Company which were in issue and outstanding immediately after the share capitalisation were assumed to have been issued and outstanding as at 1 April 2018.

No diluted earnings per share are presented for the nine months ended 31 December 2019 and 2018 as there were no potential ordinary shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established facility services provider, that specialises in providing security services with a growing focus on facility management services for the public and private sectors in Hong Kong. The Group has over 10 years' experience in providing security services at railway stations and facilities, sea, land and railway immigration control points and public amenities as well as crowd coordination and management services for large-scale events and emergency and critical incidents in Hong Kong.

The year 2019 was fruitful for the Group as it was listed on GEM of the Stock Exchange, a milestone of great significance in its history.

For the nine months ended 31 December 2019, the Group delivered a satisfying positive performance amid the unstable economic and social environment in Hong Kong, demand for the Group's security and facility management services continued to grow. This is attributable to the well-established "IWS" brand, which stands for quality security services to its clients in Hong Kong.

FINANCIAL OVERVIEW

Revenue

The Group derives revenue from providing security services and facility management services across both the public and private sectors in Hong Kong. The Group's revenue increased by approximately HK\$202.5 million, or 103.6% from approximately HK\$195.4 million for the nine months ended 31 December 2018 to approximately HK\$397.9 million for the nine months ended 31 December 2019.

Security services

Revenue generated from the security services segment increased by approximately HK\$200.2 million or 118.3% from approximately HK\$169.3 million for the nine months ended 31 December 2018 to approximately HK\$369.5 million for the nine months ended 31 December 2019, which was primarily due to:

- (a) Manpower support services generating revenue of approximately HK\$78.6 million for the nine months ended 31 December 2019, representing an increase of approximately 21.9% from approximately HK\$64.5 million for the nine months ended 31 December 2018. The increase was primarily due to the revenue of approximately HK\$58.9 million derived from the recently commenced Guangshen'gang XRL Contract ("**XRL Contracts**") with a Hong Kong railway corporation (the "**Railway Corporation**") in the nine months ended 31 December 2019; and

- (b) General manned guarding services generating revenue of approximately HK\$290.4 million for the nine months ended 31 December 2019, representing an increase of approximately 177.9% from approximately HK\$104.5 million for the nine months ended 31 December 2018. The increase was primarily due to the revenue of approximately (i) HK\$42.0 million derived from the ongoing XRL Contracts; and (ii) HK\$145.7 million derived from a temporary ad-hoc security guarding services contract from the Railway Corporation during the nine months ended 31 December 2019.

Facility management services

Revenue generated from facility management services increased by approximately HK\$2.3 million, or 8.8% from approximately HK\$26.1 million for the nine months ended 31 December 2018 to approximately HK\$28.4 million for the nine months ended 31 December 2019. The increase was primarily due to (i) the approximately HK\$2.4 million revenue derived from property management services in the nine months ended 31 December 2019; and (ii) the increase in revenue of approximately HK\$1.1 million arising from new and existing contracts in relation to car parking rental and management services.

Employee benefit expenses

Employee benefit expenses increased by approximately 80.2% from approximately HK\$166.6 million for the nine months ended 31 December 2018 to approximately HK\$300.2 million for the nine months ended 31 December 2019 mainly due to increase in total headcount for the temporary ad-hoc security guarding services contract from the Railway Corporation and the XRL Contracts.

Selling and marketing expenses

Selling and marketing expenses for the nine months ended 31 December 2018 and 2019 remained relatively stable at approximately HK\$1.9 million and HK\$1.7 million, respectively.

Administrative expenses

Administrative expenses increased by approximately HK\$7.9 million, or 123.4% from approximately HK\$6.4 million for the nine months ended 31 December 2018 to approximately HK\$14.3 million for the nine months ended 31 December 2019. This increase was mainly due to (i) an increase in auditors' remuneration of approximately HK\$0.9 million; (ii) an increase in legal and professional fees of approximately HK\$6.1 million resulting from listing, and (iii) an increase in cleaning services fees of approximately HK\$0.8 million as a result of the increase of new contracts for facility management services.

Income tax expense

Income tax expenses increased by approximately HK\$10.0 million, or 294.1% from approximately HK\$3.4 million for the nine months ended 31 December 2018 to approximately HK\$13.4 million for the nine months ended 31 December 2019. The increase was primarily due to combined effects of the increase in profit before taxation and listing expenses incurred during the nine months ended 31 December 2019, which was not deductible for tax purpose. The effective tax rate was approximately 22.8% and 19.1% for the nine months ended 31 December 2018 and 2019, respectively. Excluding the non-recurring listing expenses of approximately HK\$5.2 million and HK\$10.3 million incurred for the nine months ended 31 December 2018 and 2019 respectively, which was non-deductible for taxation purpose, the effective tax rate would be approximately 16.9% and 16.7%, respectively, which is in line with the prevailing rate.

Profit and total comprehensive income for the period

As a result of the above-mentioned factors, profit and total comprehensive income for the period increased by approximately HK\$45.2 million, or 386.3% from approximately HK\$11.7 million for the nine months ended 31 December 2018 to approximately HK\$56.9 million for the nine months ended 31 December 2019. Net profit margin increased from approximately 6.0% for the nine months ended 31 December 2018 to approximately 14.3% for the nine months ended 31 December 2019. Excluding the non-recurring listing expenses of approximately HK\$5.2 million and HK\$10.3 million incurred in the nine months ended 31 December 2018 and 2019, respectively, profit and total comprehensive income for the period amounted to approximately HK\$67.2 million for the nine months ended 31 December 2019 and net profit margin increased to approximately 16.9% for the nine months ended 31 December 2019 compared with approximately 8.6% for the nine months ended 31 December 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTEREST

(A) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in the shares of the Company

Name of Directors	Nature of interest/ holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁶⁾
Mr. Ma Ah Muk ⁽¹⁾	Interest under section 317 of the SFO ⁽¹⁾	600,000,000	75.0%
Mr. Ma Kiu Sang (“Mr. KS Ma”) ^(2 & 3)	Interest in a controlled corporation ⁽³⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%
Mr. Ma Kiu Mo (“Mr. KM Ma”) ^(2 & 4)	Interest in a controlled corporation ⁽⁴⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%
Mr. Ma Kiu Man, Vince (“Mr. Vince Ma”) ^(2 & 5)	Interest in a controlled corporation ⁽⁵⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%

Notes:

Note 1: Pursuant to a deed of confirmation dated 28 May 2018 executed by Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, whereby they confirmed, among others, the existence of their acting in concert arrangement (the “Deed of AIC Confirmation”), Mr. Ma Ah Muk is deemed to be interested in all the shares of the Company (“Shares”) held by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, through Morewood Asset Holdings Limited (森業資產控股有限公司) (“Morewood”), Mandarin Asset Holdings Limited (文華資產控股有限公司) (“Mandarin”) and Cambridge Investment (BVI) Limited (劍橋投資(BVI)有限公司) (“Cambridge”), respectively, by virtue of Section 317 of the SFO.

Note 2: Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma are persons acting in concert pursuant to the Deed of AIC Confirmation and accordingly each of them is deemed to be interested in all the Shares held by the others through their respective shareholding interests in Morewood, Mandarin, Cambridge, which in turn hold IWS Group Holdings Limited (“**IWS BVI**”) by virtue of Section 317 of the SFO.

Note 3: IWS BVI is owned as to 33.3% by Morewood, a company wholly and beneficially owned by Mr. KS Ma; therefore, each of Morewood and Mr. KS Ma is deemed to be interested in all the Shares held by IWS BVI pursuant to the SFO.

Note 4: IWS BVI is owned as to 33.3% by Mandarin, a company wholly and beneficially owned by Mr. KM Ma; therefore, each of Mandarin and Mr. KM Ma is deemed to be interested in all the Shares held by IWS BVI pursuant to the SFO.

Note 5: IWS BVI is owned as to 33.3% by Cambridge, a company wholly and beneficially owned by Mr. Vince Ma; therefore, each of Cambridge and Mr. Vince Ma is deemed to be interested in all the Shares held by IWS BVI pursuant to the SFO.

Note 6: Based on a total of 800,000,000 issued Shares as at 31 December 2019.

(ii) Long position in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest/ holding capacity	Number of shares interested	Approximate percentage of shareholding
Mr. Ma Ah Muk	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	3	100%
	Morewood	Interest under section 317 of SFO ⁽²⁾	1	100%
	Mandarin	Interest under section 317 of SFO ⁽²⁾	1	100%
	Cambridge	Interest under section 317 of SFO ⁽²⁾	1	100%
Mr. KS Ma	Morewood	Beneficial owner ⁽¹⁾	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	3	100%
Mr. KM Ma	Mandarin	Beneficial owner ⁽³⁾	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	3	100%
Mr. Vince Ma	Cambridge	Beneficial owner ⁽⁴⁾	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	3	100%

Notes:

Note 1: The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.33% owned by Morewood, a company wholly owned by Mr. KS Ma.

Note 2: Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma are persons acting in concert pursuant to the Deed of AIC Confirmation and accordingly each of them is deemed to be interested in all the Shares held by the others through their respective shareholding interests in Morewood, Mandarin, Cambridge and in IWS BVI by virtue of section 317 of the SFO.

Note 3: The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.33% owned by Mandarin, a company wholly owned by Mr. KM Ma.

Note 4: The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.33% owned by Cambridge, a company wholly owned by Mr. Vince Ma.

Save as disclosed above, as at 31 December 2019, none of the Directors nor the chief executive of the Company had registered any interests and/or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to in Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Insofar as is known to the Directors, as at 31 December 2019, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁸⁾
IWS BVI	Beneficial owner	600,000,000	75.0%
Morewood	Interest in a controlled corporation ⁽¹⁾	600,000,000	75.0%
Mandarin	Interest in a controlled corporation ⁽²⁾	600,000,000	75.0%
Cambridge	Interest in a controlled corporation ⁽³⁾	600,000,000	75.0%

Name of Shareholder	Nature of interest/ holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁸⁾
Ms. Cheng Pak Ching	Interest of spouse ⁽⁴⁾	600,000,000	75.0%
Ms. Chow Yick Tung	Interest of spouse ⁽⁵⁾	600,000,000	75.0%
Ms. Choi Lai Form	Interest of spouse ⁽⁶⁾	600,000,000	75.0%
Ms. Ho Yin Nei	Interest of spouse ⁽⁷⁾	600,000,000	75.0%

Notes:

Note 1: The Company will be owned as to 75.0% by IWS BVI, which is owned as to 33.33% by Morewood, which is wholly owned by Mr. KS Ma. By virtue of the SFO, Morewood is deemed to be interested in the Shares held by IWS BVI.

Note 2: The Company will be owned as to 75.0% by IWS BVI, which is owned as to 33.33% by Mandarin, which is wholly owned by Mr. KM Ma. By virtue of the SFO, Mandarin is deemed to be interested in the Shares held by IWS BVI.

Note 3: The Company will be owned as to 75.0% by IWS BVI, which is owned as to 33.33% by Cambridge, which is wholly owned by Mr. Vince Ma. By virtue of the SFO, Cambridge is deemed to be interested in the Shares held by IWS BVI.

Note 4: Ms. Cheng Pak Ching is the spouse of Mr. Ma Ah Muk. By virtue of the SFO, Ms. Cheng Pak Ching is deemed to be interested in all the Shares in which Mr. Ma Ah Muk is interested.

Note 5: Ms. Chow Yick Tung is the spouse of Mr. KS Ma. By virtue of the SFO, Ms. Chow Yick Tung is deemed to be interested in all the Shares in which Mr. KS Ma is interested.

Note 6: Ms. Choi Lai Form is the spouse of Mr. KM Ma. By virtue of the SFO, Ms. Choi Lai Form is deemed to be interested in all the Shares in which Mr. KM Ma is interested.

Note 7: Ms. Ho Yin Nei is the spouse of Mr. Vince Ma. By virtue of the SFO, Ms. Ho Yin Nei is deemed to be interested in all the Shares in which Mr. Vince Ma is interested.

Note 8: Based on a total of 800,000,000 issued Shares as at 31 December 2019.

Save as disclosed above and so far as is known to the Directors, as at 31 December 2019, the Directors were not aware of any other persons who had, or any other entities which had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company that would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 20 September 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentive or rewards for their contributions to the Group. For the principal terms of the Share Option Scheme, please refer to “E. SHARE OPTION SCHEME” in Appendix IV to the prospectus of the Company dated 30 September 2019 (the “**Prospectus**”).

From the Listing Date and up to the date of this announcement, no share option has been granted or agreed to be granted under the Share Option Scheme.

DIVIDEND

The Board resolved not to declare any dividend for the nine months ended 31 December 2019. During the nine months ended 31 December 2018, a dividend of HK\$8,000,000 has been declared and paid by the Company’s subsidiaries to the then shareholders before the completion of Reorganisation. Details of the Reorganisation are set out in note 2 to the unaudited condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the nine months ended 31 December 2019 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed in “(A) Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, at no time during the nine months ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any associated corporation.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interest of the Shareholders, to enhance corporate value, to formulate its policies, and to enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) as the basis of the Company’s corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

In the opinion of the Board, the Company has complied with the code provisions in the CG Code throughout the period from the Listing Date to the date of this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company has made specific enquiries to the Directors and all Directors have confirmed that they have fully complied with the Code of Conduct and Required Standard Dealings throughout the period from the Listing Date to the date of this announcement.

COMPETING INTERESTS

Since the Listing Date and up to the date of this announcement, insofar as the Directors are aware, none of the Directors, the controlling shareholders and substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) have had any position or interest in a business or company that competes or may compete with the business of the Group or give rise to any concern regarding conflict of interests.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at date of this announcement, the Company has maintained the prescribed public float required by the GEM Listing Rules for the period from the Listing Date and up to the date of this announcement.

SEGMENT INFORMATION

Segment information for the Group is presented as disclosed in note 4 to the unaudited condensed consolidated financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

Since 23 September 2019 (being its date of appointment) to the date of this announcement, as notified by the Company’s compliance adviser, Red Solar Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 23 September 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) has had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee on 20 September 2019 (the “**Audit Committee**”) in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code have been adopted. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The members of the Audit Committee consists of three independent non-executive Directors, namely Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung. Ms. Chang Wai Ha currently serves as the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2019. Based on the review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the nine months ended 31 December 2019.

OUTLOOK

The Group’s successful listing increases its transparency and has achieved a strong degree of trust, presenting an even better corporate image to both its existing and potential clients in order to capture the rich potential in the security services and facility and venue management services markets in Hong Kong. This potential is driven by the continuous increase in real estate projects and large-scale events, rising land and housing supply, increase in parking spaces and demand for more sophisticated facility management services.

The Group sees a year ahead in which it will expand the scope of its security services business, enhance its capability in providing facility management services, improve operational efficiency and scalability, and selectively pursue strategic acquisition and investment opportunities, all aimed at the ultimate goal of becoming the leading integrated facility management services provider in Hong Kong.

By Order of the Board
IWS Group Holdings Limited
Ma Ah Muk
Executive Director and Chairman

Hong Kong, 11 February 2020

As at the date of this announcement, the executive Directors are Mr. Ma Ah Muk, Mr. Ma Kiu Sang, Mr. Ma Kiu Mo, Mr. Ma Kiu Man, Vince and Mr. Ma Yung King, Leo, and the independent non-executive Directors are Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung.